



EXECUTIVE CORRESPONDENCE
DEFENSE INTELLIGENCE AGENCY
 WASHINGTON, D.C. 20301

Executive Registry

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Mr. John McMahon
 Deputy Director of Central Intelligence
 Central Intelligence Agency
 Washington, D.C. 20505

Dear John:

1. During the past few months, it has become increasingly clear that both the [] and the CIA need to address the issue of [] with some degree of accord. While I am not suggesting that either agency cede any independence, it appears that we must be prepared to present as representative and harmonious a picture as possible if we are to be responsive to our many customers in the Executive Branch and Congress. This is particularly the case with the considerable public attention this issue periodically receives.

2. The difficulty arising from the recent change made by the CIA in the base of the dollar cost calculations and subsequent release exemplifies what happens when each agency goes its own way on an issue directly impacting on many major customers.

3. To avoid apparent divisive situations in the future, I strongly recommend that a joint DIA-CIA effort -- the outcome could be an IIA -- be undertaken as soon as possible, with an unconditional and unequivocal mandate to accomplish the following with respect to the dollar estimates.

a. Devise an approach to presentations that encompasses the range of honest differences that remain unresolved;

b. [] and CIA's [] to resolve, wherever possible, any differences between the two agencies that have not been settled at the working level. It is not likely that all the differences, some of which are indeed of significant magnitude, can be resolved; where we cannot, then at least we will all have a better understanding of the nature of these differences and the extent to which they impact on the overall estimates.

c. Conduct a "zero-base" review of the concepts, definitions and methodologies underlying the dollar costs. My staff has some serious reservations about the dollar costing methodologies, some of which stems from the fact that much of its framework was established many years ago. Despite the fact that military doctrine has been modified and our understanding and assessments have improved during the past couple of decades, this has gone unrecognized in the []. We need to determine what activities should be included or excluded from the estimates (such as leadership protection efforts designed to assure both national entity survival and the capability to prosecute a war; military construction troops).

DIA review completed.

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CENT INTELLIGENCE AGENCY

OFFICE OF THE DEPUTY DIRECTOR

1 March 1985

NOTE FOR: Associate Deputy Director for Intelligence

FROM: Executive Assistant to the DDCI

Dick:

Please have someone prepare an appropriate response to this in a day or two. I understand something might already be in the mill.

Thanks,

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